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THE STATE OF CALIFORNIA POLITICS

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Introduction

If Americans distrust politics, politicians, and government, California is -- yet again -- leading the way as a harbinger of public policy trends in the United States, pushing the boundaries of direct democracy in lieu of the representative democracy we used to think we wanted. Property tax reform with the passage of Proposition 13 in 1978 is the classic example, but so, too, is the recent expression of anti-immigration and anti-affirmative action feeling. As a state that draws its political traditions from the Progressive Era in the early part of this century, California likes to think of itself as possessed of a strong civic culture led by citizen politicians. The state moved in another direction in the 1960s and 1970s, under Assembly Speaker Jesse Unruh, who made the state legislature the most professional state legislature in the country. Unruh's foray into professionalism also set a trend, but it was rejected by the citizens a quarter of a century later with the passage of Proposition 140 that imposed term limits and cut the size of the legislative staff by 40 percent.

The conflict between "professionalism," as represented by sophisticated staffing, and "amateurism," as represented by term limits and law by initiative, is characteristic of the schizophrenic nature of California's political culture. The unifying characteristic is the enduring Progressive¹ belief that politics and power are not to be trusted. A strong civil service -- protected from political interference

-- is another Progressive tradition based on the assumption that professional civil servants (as opposed to professional politicians) will act rationally, not politically. The goal is to take "politics" out of the process, eliminating, as much as possible, the opportunity to make deals, or the undue advantage available to insiders. As long as power is divided between many decision-making authorities, no one can usurp it for their own use. The problem with professional staffing, apparently, is that it was subordinated to politicians.

The dilemma is that rationality and the related goal of efficiency are not major objectives of government -- at least not compared to other values such as fairness, or getting things done. Dividing authority makes it difficult for traditional graft and corruption to flourish, but it does not make decisions easier. So, the state lurches its way through public policy by passing initiatives that are often flawed because they do not go through a legislative process that requires compromise. They are also frequently written in such a way as to make changes in them an expensive, difficult, and sometimes insurmountable prospect. Whether or not we have gone too far in the passage of recent initiatives remains to be seen, but so many, and such costly initiative campaigns may end up fostering an initiative movement to reform the initiative process itself. Without initiative reform, we appear to be moving closer to direct democracy, even if we know that direct democracy cannot work in a complex diverse society.

Government by initiative -- and other external variables such as the political revolution in the last Congress -- has left us with several political issues to look for in the coming year:

- Term limits and their consequences, including the changing dynamics in the state legislature
- Coping with the results of the latest initiatives -- campaign finance; local funding; affirmative action, etc.

- Relations with local government, given welfare reform's block grants from Washington and the passage of Proposition 218
- California's relationship with Washington, D.C.
- Coming issues -- water, deregulation of utilities, etc.
- Pending statewide elections in 1998, especially for governor

Term Limits

The 1996 election was the last campaign for the Old Guard, those in office when term limits were approved in 1990. Although some will play political musical chairs and move from the Assembly to the Senate for their full allotment of six years (3 two-year terms), and eight (2 four-year terms) for a total of fourteen years in Sacramento. Some will be returning to office after a hiatus. And some, particularly on the Democratic side, will come out of staff positions to succeed their bosses, thereby extending their time and their experience. The 1996-97 legislative season will see 32 freshmen in the 80 member Assembly alone. Democrats control both houses in the 1996-97 legislative session: 24 to 15 in the Senate (one independent); 43 to 37 in the Assembly. According to a study of the 1996 election results by *The Los Angeles Times*, however, the new legislature will pretty much resemble the 1988 legislature -- the last elected group before term limits were adopted. There will be significantly more Latinos (30 percent up from 9 percent) and women (40 percent up from 17 percent) on the Democratic side, and fewer women on the Republican side (8 percent, down from 18 percent).² These changes might have occurred in any case, given the changes in

the electorate and the growing “feminization” of the Democratic party. The odds are that they would not have happened quite so quickly, however, if incumbents could have stayed in office.

What difference the limits make, however, is not readily apparent because there are so many other variables in politics, such as what their relationship will be with a governor who has only two years left in his term. If there is gridlock between the legislature and the governor,³ state activity that affects the daily lives of Californians could shift to the administrative departments. Or, alternatively, if there is recognition in Sacramento similar to what appears to be dawning in Washington that Americans are not happy with partisan bickering and deeply unhappy with governmental gridlock, we could see greater moderation on all sides. Certainly, the new Speaker of the Assembly, Cruz Bustamante, is more moderate a Democratic leader than many of his peers. Relationships are a two-way proposition and Governor Pete Wilson has been known to show both moderation and strong partisanship. It is to Wilson the G.O.P. looks to define “wedge” issues, but will he want to go out of office that way, especially when it is not clear where he might go?

The relationship between the two elected branches of government may come down to personality as much as party. On the other hand, relations within the legislature are off to a much smoother start. Bustamante acceded to the Speakership with much greater ease than his predecessor in that raucous battle orchestrated by the master and longest-serving Speaker, Willie Brown, who chose to face term limits in Sacramento by becoming the mayor of San Francisco.⁴

Still, the fact remains that many legislators are new, and their staffs are more likely to be skilled in winning elections than making law. Before the passage of Prop 140, opponents of term limits argued that eliminating experience from the legislature would mean a greater reliance on lobbyists, to the benefit of “the Special Interests.” According to at least one lobbyist, that might be true, but what is more to the point is that the lack of experience means the new

legislators and their staffs are unsure of whom to trust and have been turning -- not to lobbyists -- but to their party caucuses. When the legislature is evenly divided, the consequence of taking positions by party means that compromises are harder to come by. The traditional guides on positions that make compromise possible are unknown to new legislators: long-time associates, trusted advisors in the bureaucracy, scholars, constituents, and so on. The party, on the other hand, is known, and knows that it needs to differentiate itself from the other side. The combination of unfamiliarity and the need to trust someone -- or something such as the party -- only increases the tendency for gridlock.

The lack of experience in staffing is an issue of concern to long-time legislature watchers in Sacramento. In addition to the loss of staff available to each legislator, the Republicans also eliminated a large number of experienced committee staffers when they took control of the Assembly in 1994. While ostensibly neutral, most were Democrats who were beholden to the Speaker and committee chairs who hired them. Their absence leaves another gap in institutional knowledge and memory.

Term limits also means that backbenchers move into leadership positions at a much faster rate than before. To those who want to "make a difference" in a hurry, the opportunities abound, but the lack of experience on substance is matched by the lack of experience in the mechanics of the process. A short time frame may result in state law that is better received because it takes less time to get, or it may be more frustrating because it fails to satisfy all of the stakeholders. Or, it may mean less legislation because those at the table don't know who else ought to be there to effect the kinds of compromise it takes to get agreement beyond the party -- a process that used to take a decade or so.

Legislative terms may reflect the blowing political winds more readily than they have in the past when incumbents could wait out the storms because their constituents knew them better. Would, for

instance, the new Latino voters have supported Anglo or Black incumbents? Today's incumbents are less likely to benefit from the strong name recognition of their predecessors, although whatever recognition they have is likely to be enhanced by the passage of Proposition 208's strict limits on campaign contributions, making it even harder for unknown challengers to raise enough money to gain the necessary recognition.

California is getting turnover in office, but it is not clear that it is getting better legislators, better legislation, or a fairer electoral process because of term limits. Still, it is unfair to lay the blame for increased partisanship and legislative gridlock entirely at the feet of term limits. There are other causes. Reapportionment is currently controlled by the courts, but it used to be a highly skilled political art form that tended to secure the status quo. The current allocation of electoral districts has meant that the California state legislature is likely to be relatively evenly divided between Democrats and Republicans for some time to come, or at least as long as the court controls it -- something the Secretary of State is hoping to assure. That even division is likely to continue until the immigrant populations in the cities (who are tending to vote Democratic) live here long enough to have their votes count. The competition for leadership increases under these circumstances, and competition has come to mean setting one's self apart from the others, although ethnicity and divisions between urban and rural legislative have always mattered at the state level. There is also a longstanding division between Northern and Southern California, and water -- the stuff of which legends are made in the Golden State -- is an old and still-vital issue. Dan Walters of *The Sacramento Bee*, the dean of California political analysts, predicts the future will be divided between the haves and the have-nots; between Whites and Asians at the top, and Blacks and Latinos at the bottom.⁵

Coping with the 1996 Initiative Reforms

One of the most important political issues stemming from the 1996 election are the consequences of the passage of Proposition 208, which re-imposed campaign finance regulation on California -- one of only four states in the country that did not have any campaign restrictions. It imposes a contribution limit of \$100 in legislative districts with populations of less than 100,000; \$250 in larger districts; and \$500 for statewide races. There are certain exceptions such as committees of small contributors may give twice the stated limits; and candidates who agree to accept voluntary spending limits may accept contributions of twice the limits. Cities that voted in their own campaign finance regulations are also exempt, except where their laws do not cover provisions approved in 208, e.g., limitations on lobbyists. Contributions from political parties, business and unions are also limited, and transfers from other candidates are banned entirely. There is an aggregate limit of \$25,000 on how much an individual, business, labor organization or political action committee can contribute to all candidates in a two-year period, and a limit of the total amount of loans a candidate may make to his or her campaign: \$50,000 for governor; \$20,000 for all other offices. Proposition 208 also prohibits lobbyists from making and arranging contributions to those they seek to influence, and it requires disclosure of top contributors on advertising for ballot measures.

The state law is significantly more severe than federal campaign legislation, although there is certainly a lot of pressure for reforming the federal laws after the '96 election as well. Proposition 208 is being challenged in the courts, and its provision for limits on candidate loans is awaited by all sides, many hoping that it will result in the overturning of *Buckley v. Valeo*.

Those who oppose strict contribution limits make two arguments that bear watching: if money is equated with speech, and speech is limited for the lack of it, candidates may have a very hard

time getting their messages out, a factor that usually favors incumbents. Secondly, if candidates raise money in small chunks, they will either have to spend an even greater amount of time raising it, or they will run negative campaigns because it is easier to raise "small" money through negative campaigns than positive ones. It is a lesson learned from direct mail campaigning in the 1980s: donors give "big" money to buy access. If you aren't going to get access, the only other reason to give is because you are angry about something. Or, we will just be getting richer and richer candidates for public office? Two-thirds of the United States Senate is already made up of millionaires.

Another possible reform that could ease the consequences of contribution restrictions would be free media, but television is controlled by federal regulation, even if California has 12 separate media markets of its own.

The political implications of 208 remain unknown. In the last several years, a great deal of money was poured into state legislative races, for instance, by the Christian Right. The Allied Business PAC, a small group of businessmen, contributed about \$5 million to state races in 1993 and 1994, which was more than the traditional big candidate spenders such as the California Teachers Association, the Medical Association and the Trial Lawyers -- all of whom are also large membership organizations.⁶ One of Allied's founding members, Robert Hurtt, was himself elected to the state Senate in 1993, and continued to play a critical role in supporting like-minded legislators. Proposition 208 limits candidate transfers and PAC contributions. It will, presumably, cut into Allied's influence significantly -- as it will the more traditional groups -- because of the aggregate individual and PAC contribution limits. Does that mean their capacity to support like-minded candidates disappears? If money matters as much as we think it does, it may. Or, as political consultants have been known to boast, they will find another way around the limits -- whatever the limits are.

Before Californians breathe a sigh of relief over the disappearance of special interest money, however, we should also be mindful of the costs of elections. According to California Common Cause, the two candidates for governor in the last general statewide election raised over \$50 million; the median amount raised by a winning Senate candidate was \$676,000; and the median winning amount for an Assembly seat was \$299,000 (which was actually a 10 percent decline from the 1992 election).⁷ Did they really need that much? Will we learn what we need to know about the candidates without big spending? Who will run for public office, and who will support them? In the end, this reform -- as was term limits -- may turn out to be really just another guarantee that incumbents will stay in office without realistic challengers.

Term limits and campaign finance are the two most common public policy alternatives reformers apply in order to achieve the goal of competitive elections. We will certainly get turnover in office with term limits (although possibly less than we expected if everyone gets to serve the full limit of terms). But whether or not elections turn out to be competitive remains to be seen. We could get competition only between richer candidates. Or, we could see a significant increase in independent expenditures.⁸ And we will see more women and minorities in office, but it remains to be seen what impact that will have in the California political culture.

Perhaps the most significant initiative passed in 1996 was Proposition 218, which limited the ways local governments can raise funds. It was put on the ballot by the Howard Jarvis Taxpayers Association and is widely regarded as the son of Proposition 13. Proposition 218 limits local governments' use of fees, assessments and taxes. Fees and assessments can be levied only with the approval of a majority of property owners (whose votes are weighted by the value of the property they own), and used only for specific purposes. They cannot be allocated for such public goods such as police, fire, or libraries. In addition, the initiative requires all public agencies and schools to pay assessments, and puts the burden of proof for payments

on the local officials rather than taxpayers. According to the legislative analyst, Proposition 218 will mean an annual loss of \$100 million for local governments.

Proposition 218's passage coincides with the fundamental change in federal welfare and immigration policy. As entitlements disappear -- replaced by block grants to the states -- it is not entirely clear what will happen, except that more of the burden of care and responsibility will fall upon local government than ever before.

Fees and assessments have risen in California since the passage of Proposition 13 in 1978, which effectively capped property taxes that used to be the major source of income for local governments. Fees and assessments were the natural alternative. There is no question the level of taxation will be cheaper with it than without it, but if one expects a certain level of services, they may have to be provided privately. And if they are privately funded, they are also likely to be unevenly distributed. It is also possible that, if the largest property owners tend to be out of state businesses -- an increasing probability in the age of multi-national economies, it is going to be extremely hard for urban areas, particularly, to provide a sufficient level of services to sustain a reasonable quality of life. While Proposition 13 has managed to survive court challenges through the years, despite a growing disparity between the taxes assessed on property bought before 1978 and that bought after, Proposition 218 tightens the screws considerably.

The third important initiative passed in 1996 was Proposition 209, the California Civil Rights Initiative that ended preferences in state government. It received the greatest amount of attention nationally, and was viewed as another harbinger of the changing attitude toward immigrants and other traditional outsiders that appears to be sweeping California, if not the rest of the nation. While the attack on affirmative action did not resonate in the rest of the nation as did the anti-illegal immigration Proposition 187 in 1994, it was perceived to be another wedge issue in a long California legislative

tradition of hostility to outsiders that goes back at least as far as the anti-Asian legislation of a century ago. Even within the state there was some speculation after the election that Proposition 209's adoption by the Republican Party in the waning days of the election served neither the interests of the Dole campaign, nor Republican legislators in Sacramento or Washington. According to Republican strategist Tony Quinn, putting \$2 million into the 209 campaign had the negative impact of bringing out the minority Democratic vote while Republicans not moved by 209 -- nor the candidacy of Bob Dole -- stayed home.⁹

The social strains reflected in Propositions 187 and 209 can be traced to many causes, not the least of which is a major shift in the population. According to the Census Bureau, the minority populations in California will very shortly become the state majority. Hispanics will become the largest single group, growing from 9.2 million in 1995 to 21.2 million by 2025, while non-Hispanic whites are expected to remain at 16 million. Out-migration of 4 million residents a year will be offset by an international migration to the state of 9 million, plus a natural population growth of 14 million. Immigration policy issues are covered in a separate chapter by Roger Waldinger, but the political implications for the state are enormous.

The state initiatives and the 104th Congress, which passed major changes in both welfare and immigration, have spurred both citizenship applications and voter registration. The Motor Voter bill has also had an impact on the increased vote of minorities in the state's electorate, although it is not yet clear what that impact is in terms of policy outcomes. It is possible that, at least for the short term, the white population will continue to overwhelm elections at the poll, but it is not likely to remain a long-term reality. There were over a million new Hispanic voters in California in 1996. Most voted Democratic, but how the new voters make their choices in the future should be the subject of intense party interest on all sides.

Relations with Local Government

There are two very large issues facing local governments in California: the consequences of Proposition 218, which seriously limits their capacity to raise funds through fees and assessments [as described above], and the implementation of block grants to the states in lieu of traditional welfare entitlements. The elimination of "welfare as we know it" has yet to offer a clear vision of how America will cope with poverty in the future. California has one of the highest homeless populations in the nation. True, the economy is growing. True, there is a significant increase in the number of new jobs. But we also have a population that is both very young and fairly elderly, that is more immigrant than any other state, and that is likely to place a greater burden on local government than elsewhere. This subject is addressed in Joel Handler's chapter on welfare.

Proposition 218 follows a California trend of limiting the capacity of local governments' control over their finances. Until the passage of Proposition 13 in 1978, most local governments in the state had control over their ability to raise their own funds. The tax revolt that came on the heels of a major escalation of property values not only limited increases in property taxes, it also shifted the authority to raise revenues from the local to the state level. When the County of Los Angeles verged on bankruptcy in 1995, for instance, the Board of Supervisors blamed the state for not allocating the more than \$100 million due it in property tax. Instead, the state used the money to balance its own budget, returning more to the local level when state income taxes increased with the up-turn in the economy.

The first reality for local government, however, is that property taxes -- and all other revenue streams that pass through Sacramento such as federal block grants -- will always be subject to state priorities first. And the second reality is that the state's tax revenue will rise much faster than the counties and local governments' because it is most directly tied to income.

Having lost revenue, and the control of revenue, because of Proposition 13; with property values down in any case because of the recession; with the probability that property owners and voters must now approve all future assessments; and with the added costs governmental and non-profit institutions must shoulder because they, too, will have to pay assessments, local authorities will be hard pressed to provide even the basic services expected of them. Adjustment to these rigid times will be difficult, and the frustration on all sides will be felt increasingly in the California political arena. The combination of pressures may, in fact, end up killing local government if cities and counties are forced into bankruptcy.

California and the Feds

One of the first lines of defense for California in the Clinton Administration has been the strong California entourage in the White House and Cabinet, but it will not be as strong in the second administration. Leon Panetta, White House chief of staff; Secretary of State Warren Christopher; Secretary of Defense William Perry, Commerce Secretary Mickey Kantor; and the head of the National Economic Council, Laura Tyson are all resigning their posts. In addition, lower White House staffers such as John Emerson and Mark Fabiani, both of whom provided crucial links to political figures in the state, are also leaving. Some may stay in Washington in other capacities, and some did not have particularly strong links to begin with, but the large delegation that made up the California Mafia in the nation's capital will be seriously diminished. What goes with them is knowledge of the state, its players, and the opportunity for access that is always a critical factor in any public decision-making.

So, too, will Clinton's dependence on California's electoral college support, although Vice President Gore -- the heir presumptive -- and others will always feel the need to be aware of the

state's needs. And, of course, California remains a major funding source for all candidates for public office across the country.

Tim Ransdell, who edits the *California Capitol Hill Bulletin*, speculates that the narrow margin of Republican control in the U.S. House of Representatives opens up the possibility that a focused California delegation of 52 votes could exert considerable influence, assuming its ideological differences can be overcome¹⁰. The state is probably better situated than any other if federal policy comes down to a question of clout just by the sheer weight of its population. The problem, however, is that political speculation is often akin to wishful thinking and how the state actually fares in the coming year will depend on a great many factors, including what needs we have that can be satisfied by Washington.

Typical needs include the pork barrel support for major technological capacity such as the National Ignition Facility to be built at the Lawrence Livermore Laboratory; the Alameda Corridor transportation project; Pentagon orders for C-17 cargo jets and NASA's aerospace needs; reimbursements for the costs of illegal immigrants; and any other new or continuing natural disasters that tend to recur in the state from one year to the next.

The distribution of block grants for welfare will be hard-fought, partly because California had reduced its costs before the passage of the federal bill, while other states kept their rolls at higher expenditure levels. While they can get by because they have more fat to trim, we are starting off with less and will still be required to cut more.

If the trend toward devolution of federal responsibility continues, it may end up shifting considerable energy toward the eternal battle between the cities and the rural areas of the state, as well as the southern and northern divide. From the urban perspective, it is rather serendipitous that Willie Brown chose to

become San Francisco's mayor, given his knowledge and talents in the political intricacies of Sacramento.

Coming Issues

Water. Past, present and future, it continues to be the most vital and contentious issue in California politics. The big issues today are water transfers, the sale of water rights, and the banking and selling of water. The problem is so important that new battles are emerging even though the water table in Southern California is not low. Water is a highly regulated monopoly because there can be no development in this desert without a secure source. Because it is so regulated -- and so political -- it is also not a cost-effective product. The City of Los Angeles, which takes its water from the Owens Valley, gets it at a much cheaper rate than the City of Vernon next door, for instance, which gets its water from the Central Basin. Vernon cannot buy its water from Los Angeles because state law created municipal water districts, which purchase their water wholesale for everyone within their district. Choice is determined by who controls the water districts, and that, too, is becoming a target for the other traditional political pressure in the state: ethnic politics.

Added to the structural setting is an emerging -- perhaps "re-emerging" -- story of who has water, and who can make money from it in San Diego that threatens to involve a good part of the Southwest in the coming battle. According to Steven P. Erie, a political science professor at UC San Diego, the city of San Diego wants to get out of the Metropolitan Water District, which is controlled by the city of Los Angeles. San Diego proposes to build its own aqueduct and bring water from the Imperial Valley, from land where the Texas-based Bass brothers own the water rights and stand to make billions of dollars in a lease that would commit San Diego to buying it from them for the next 75-125 years.

Over the last three years, the Bass-owned Western Farms bought 40,000 acres of valley land in order to gain control of the water rights. Potential opponents of the deal -- and the expected water transfer -- *may* have greater influence than the unaware farmers in the Owens Valley. Beyond the agricultural and business interests are environmentalists who are concerned about the cost to the Salton Sea; and, of course, the interests of Los Angeles and San Diego because up to this point, 90 percent of San Diego water comes from the Metropolitan Water District.

While water is the key to growth in California, its sources and its costs do change from time to time, making long-term commitments potentially quite costly. San Diego's desire to control its own destiny, and not leave it in the hands of a big city to the north -- even though L.A. has never exercised its preferential rights -- will probably continue to drive San Diego boosters, no matter what the price. Costs, in fact, are likely to be substantial because getting the water from the Imperial Valley also involves bringing the water through the Colorado Aqueduct, or building one of their own at a cost of \$2 to \$3 billion. There are many complicated interests and powers on all sides in this debate and we are likely to learn more about them in the next few years.¹¹

Another side issue in water has to do with the water districts themselves and the efforts of African American and Hispanics to gain another foothold in the California political milieu. For several years, one of the first steps into the political process has been for aspirants to begin their climb up the ladder by running for local community college boards. Local water district boards also elect their leaders. The difference is that water boards have a great deal of patronage to dispense and community college boards do not. The efforts currently underway to create a minority coalition and challenge the Old Boy network could well bear fruit given the changing demographics and growing minority concerns in the state.

Deregulation of utilities is another political issue that will hit California in the coming year, and for several more years to come. Last year, the legislature passed AB1890, which provides a blueprint for deregulation of electricity. Thirty percent of the power in California is own by municipalities, including Los Angeles, which drives most of the Southern California region. The issue deals with the *generation* of power (there are two other parts to the process: *transmission* -- how power is delivered to areas; and *distribution* -- how it gets from the transmission point to individual homes and businesses). Generation means how it is created: whether by coal, nuclear power, water, or windmills.

The new legislation provides for the deregulation of private power, beginning in 1998 and ending by 2002; with a bit more leeway for the municipally-owned utilities. The goal is to bring competition into a traditionally regulated process by expanding the option of where power is bought. The problems associated with the process of generation are many and complex, especially for the municipally-owned utilities, which are controlled not by the state's Public Utilities Commission (PUC), but by their own city councils.

In the 1970s, when the oil crisis first loomed on the national consciousness, the PUC began worrying about long-run capacity and ordered the investor-owned utilities to expand their capacity by building additional resources. Oil and coal options did not seem like good investments at the time, so the focus shifted to nuclear power: a clean, albeit expensive process. The Federal government also provided incentives for experimentation with cleaner solutions such as solar, wind, etc. While the municipally-owned companies were not required to build by the PUC, they, too, worried about capacity, and they, too, began expanding. Increasing capacity is an expensive and long-term procedure. Some of it was subsidized by federal incentives, and the rest by rates that were set to compensate for the costs.

In 1995, the state concluded that an open market in generation would be a more efficient and appropriate way to go, even though the industry (both public and private) was still paying off the 30-year commitment it made in the 1970s under order of the PUC. The solutions provided for in the legislation are different for public and private utilities, but -- without going too deeply into the private alternatives -- the consequences for the municipally-owned utilities will be extremely difficult to bring about. In order to be competitive, most municipalities will have to cut costs, which in this case means streamlining a highly unionized workforce. Many have already cut considerably, but they will need to cut even more and the combination of the unions, state contracting law, and even city civil service requirements will make that an extremely difficult and painful procedure.

Running a large organization is difficult under the best circumstances, but the board of directors in a municipally-owned utility is a city council, bound by the Ralph M. Brown Act (California's sunshine provision), and required to carry out its discussions in full public view. Because the business community has been subsidizing the cost of residential electricity, there is a risk that businesses will decide they can find a better deal elsewhere. Under the deregulation provisions, everyone -- businesses and residents alike -- will be able to choose the agency to generate their power. It could amount to hundreds of thousands of dollars for large corporations. While businesses may choose a cheaper generator of power, residents -- who vote for council members -- are not as likely to see the issue as clearly even if they are faced with increases. For city councils, it is a Faustian choice: raise the residential rates substantially, or lose the business base. Municipally-owned utilities will have to engage in a host of marketing activities to compensate, offering additional services as if they are to compete for customers.

Using the Los Angeles Department of Water and Power (DWP) as an example, it has, for many years, provided around \$100 million each year to the city's general fund. The transfer can be seen

as the equivalent of dividends paid to stockholders by the private utilities, but the difference is that dividends can be cut. If the DWP cuts its pay-out to Los Angeles, the city will have to find the money elsewhere to cover its costs for fire, police, and so on. Under the squeeze imposed during the Riordan years to expand the Police Department, the DWP made an even greater contribution than usual and it may end up costing the utility considerably because those funds could have been used to handle the shift to deregulation.

The combination of projected loss to municipal income that will come with deregulation, combined with Proposition 218, which adds an additional limitation on local government income, may put those California cities who own their own utilities into great political turmoil.

The last pending political issue to be addressed in this chapter in the state is **government reform** and the State Constitution Revision Commission recommendations published last year to widespread lack of interest. The Commission pointed to major problems the state doesn't want to face, but among them are two that will be particularly critical in 1997-98: the stress placed on county governments; and how we are going to finance ourselves.

The relationship between state and local government is complicated by the decisions required in block grants and Proposition 218. As William Hauck, chairman of the Commission noted, "We had shifted responsibilities down to the counties [which have responsibility for most of the social issues such as health and welfare], and vacuumed up resources in the State. It is a contradiction in practice."¹² The "contradiction" may well lead to crisis before it leads to a solution, and if it does, it will be characteristic of the way Americans government always changes. Reform is something we always seek. It takes crisis to get agreement.

Coming Elections

The 1996 elections returned the Assembly to the Democrats and the balance of power resumed its normal course of a Republican governor and a Democratic legislature. The past may be prologue to the future, but it is highly unlikely that the next governor will resemble his or her immediate predecessors -- Pete Wilson or George Deukmajian, neither of whom are likely to be remembered for their strong positive leadership role vis-à-vis the legislature.

How Pete Wilson finishes his last two years will be partly over-shadowed by the preparations of the contenders for the 1998 election. On the Republican side, Attorney General Dan Lungren is the most probable choice. Democratic candidates may include Leon Panetta, who resigned as White House Chief of Staff to return to California to consider a run for governor; and U.S. Senator Dianne Feinstein who has wanted the position for a long time and -- despite being highly regarded in Washington -- is not especially happy being in the minority in the Senate. If she decides to go for it, Panetta will probably not. Two other leading contenders include those who have been positioning themselves on the home front for the past two years are: Lieutenant Governor Gray Davis and State Controller Kathleen Connell: both of whom may have a hard time establishing themselves against returning Washington heavyweights.

Alfred Checchi, a wealthy Los Angeles businessman, is also considering a race, following in the footsteps of Michael Huffington, who was the Republican nominee for the seat now held by Feinstein, and Richard Riordan, the mayor of Los Angeles. The "tradition" of wealthy businessmen deciding to seek public office is not new, but it is growing partly because of the difficulty of raising money under campaign reform restrictions, but also because of the decline of party influence in controlling nominations, and the change in campaign technology which means -- in California particularly -- that candidates define themselves in the public's mind through paid media.

Huffington, for instance, made very few public appearances in his campaign against Dianne Feinstein. The more generally-felt frustration with government also gives credence to the notion that an outsider is needed to “turn things around,” as a Riordan slogan might put it. It is a notion that is particularly attractive in California’s political culture.

It is too soon to predict what strengths and weaknesses each candidate will bring to the race, nor what impact they will have on the state political scene in 1997, but if one of the lesson’s of Proposition 209 really was that it brought out the other side when the wedge was pounded home by the GOP, it is possible we will have fewer wedge issues. If we are really lucky, we will have fewer initiatives, but that may be asking too much of a state that is growing accustomed to candidates attaching themselves to issues they ride into office.

The next round of elections will also see open primaries for the first time in California that will allow independents, as well as party-identifiers to choose party candidates for the general election. There will be one ballot at the primary election, and the top contender in each party will go on to compete in the general election. Conventional wisdom holds that open primaries are costly to political parties because of the danger of “raiding,” when supporters of a candidate in one party vote for the weakest alternative in the other party, so that when the general election comes, their preferred choice - - and their party -- offer the better choice. Needless to say, both the state’s Democratic and Republican parties opposed the change, although there is little systematic evidence to suggest that much raiding exists in the states that have open primaries.¹³

It is hard to predict what will happen, however. Much depends on who the choices are and how much competition there is for the nomination in one or both of the two major parties. Another changing factor is the intensity of partisanship in the electorate in general, which is now roughly divided relatively evenly between Democrats,

Democrats, Republicans and independents.¹⁴ If partisanship in the electorate continues to decline, it is possible that open primaries won't matter one way or the other. On the other hand, partisanship appears to be increasing in the legislature -- as it is in Congress. It is, yet again, another example of the Progressive ideology of hostility to politics, power and professionalism marching on. The air of reform *may* go full circle. There have been calls, for instance, for reform of the initiative process, and there is growing concern that some issues are so controversial they will be decided by the courts -- no matter what the voters say -- Propositions 187, 209, and even 215 -- that legalized marijuana for medical purposes. And there are some issues that may turn out to be too burdensome, such as Proposition 218 that limits local funding options. It is not surprising that in a state as complex as California, one person's solution is often another's problem.

¹ The term “Progressive” refers to the political and social movement that existed in the United States between the 1870s and the 1920s. It should be distinguished from the usage lately adopted in lieu of “liberal,” which has developed a negative, or at least defensive connotation in current political discourse.

² Max Vanzi, “Assembly’s Profile Little Changed by Term Limits,” *The Los Angeles Times*, December 2, 1996, p. 1.

³ A value is placed on bipartisanship in that passage of the state’s budget requires a two-thirds vote, but whether or not that translates to other issues remains to be seen.

⁴ The battle for the Speakership in 1994 made national news because the Republicans held a one-seat margin over the Democrats, but Willie Brown engineered a series of maneuvers that led Republican Paul Horcher to vote for him, providing for a tie, broken in his favor after a bit of pressure and other miraculous maneuvers. The Republicans withdrew first to a hotel, and then back to their districts, breaking the quorum. The next Brown tactic gave the Republicans the job, but it went to Doris Allen who won it with her vote and the entire Democratic caucus. The third play gave it to another accommodating Republican, which lasted until Curt Pringle finally managed to win. In the process the first two Republicans (Horcher and Allen were recalled and lost their seats), and the third, Brian Setencich, was not re-elected. It took a year for the recall elections to give the Republicans a reliable caucus, but Pringle served in the end for only one year.

⁵ Dan Walters, *The New California: Facing the 21st Century* (Sacramento: California Journal Press, 1986).

⁶ Deborah Lutterback, *Common Cause Magazine*,” April 1995.

⁷ Kim Alexander, "The Great Money Chase," California Common Cause, April 1995.

⁸ Independent expenditures are expenditures made by individuals or groups without consultation with the candidate or the candidates's campaign committees. They, too, are a creation of *Buckley v. Valeo*, and were intended by the Court to provide the opportunity for neighborhood and local party organizations to participate in presidential campaigns in which spending limits were in effect because of the public financing. In the early years, however, they tended to be used by ideological groups, based in Washington, who raised money through direct mail solicitations. Rich individuals occasionally used them to support or oppose a candidate -- usually to the consternation of campaign managers who prefer to control the message the campaign needs to send to voters. Political action committees representing labor and business interests were slow to enter -- corporations, particularly, not wanting to alienate their stockholders or customers -- but strict limits, and the passage of time, may make independent expenditures an easy and convenient outlet for those seeking to influence election outcomes.

⁹ Tony Quinn, "For Republicans, Wedge Issues Brought Out Their Enemies," Los Angeles Times, Opinion, November 10, 1996.

¹⁰ Tim Ransdell, "California's prospects in Washington," *San Diego Union-Tribune*, November 12, 1996.

¹¹ Steven P. Erie, *Water: A San Diego "Chinatown" With Los Angeles as Victim*, Los Angeles Times, Opinion Section, August 25, 1996.

¹² Cited in *The Metro Investment Report*, Vol IV, No. 3, August, 1996.

¹³ Robert J. Spitzer, "Open Primary," in L. Sandy Maisel, ed., *Political Parties and Elections in the United States: An Encyclopedia* (New York: Garland Publishing, Inc., 1991), Vol 2., p. 715.

¹⁴ Minor parties -- the Green Party and the Reform Party, particularly -
- may wax and wane in their strength, although Libertarians and a few
others certainly manage to hold their members even if they don't ever
win.